

LATIN AMERICAN REPORT

VOLUME III

NO. 11

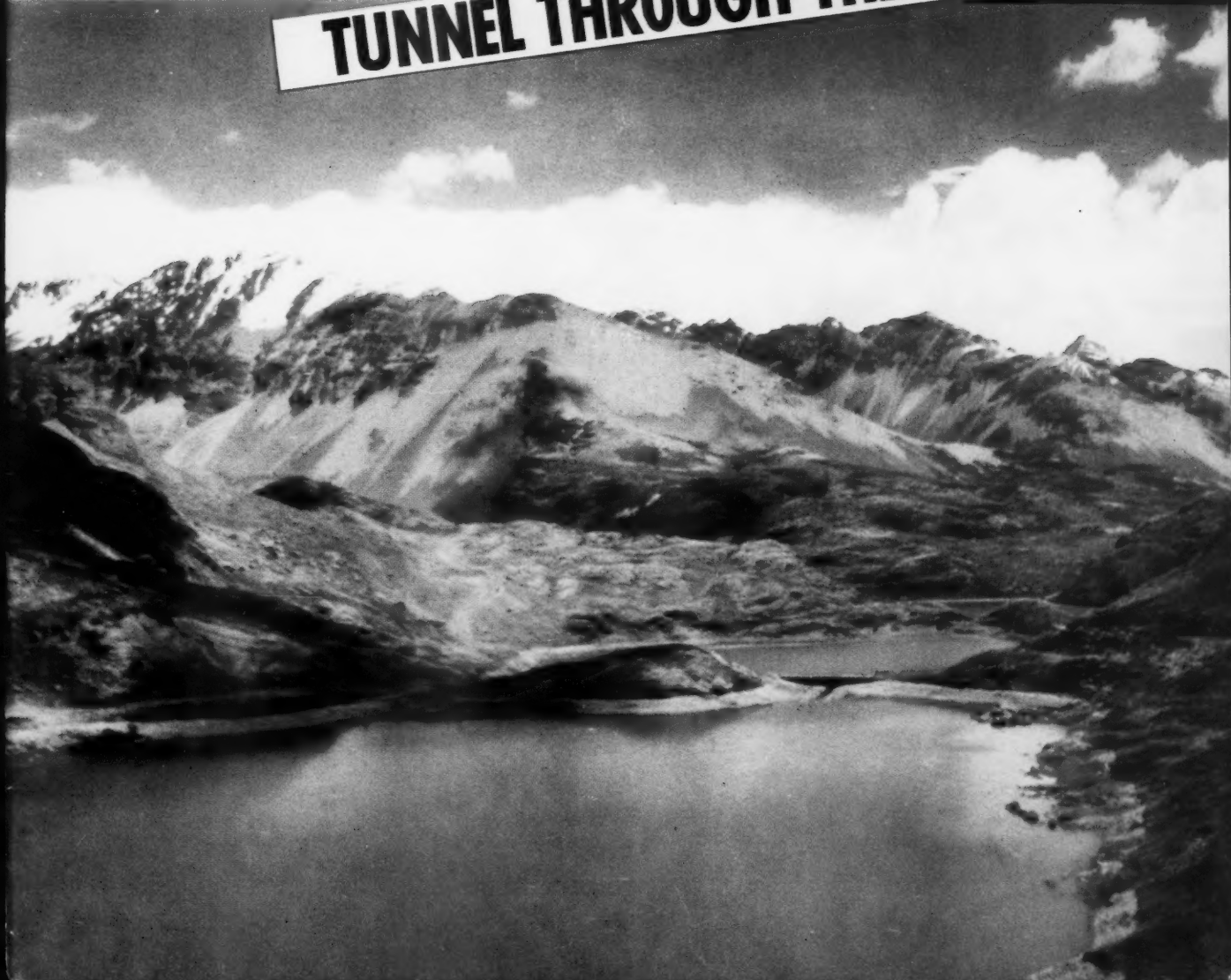
MEXICO: The story of a man who nurses cotton for the Americas.

HEMISPHERE: The Inter-American Bank and what it can do.

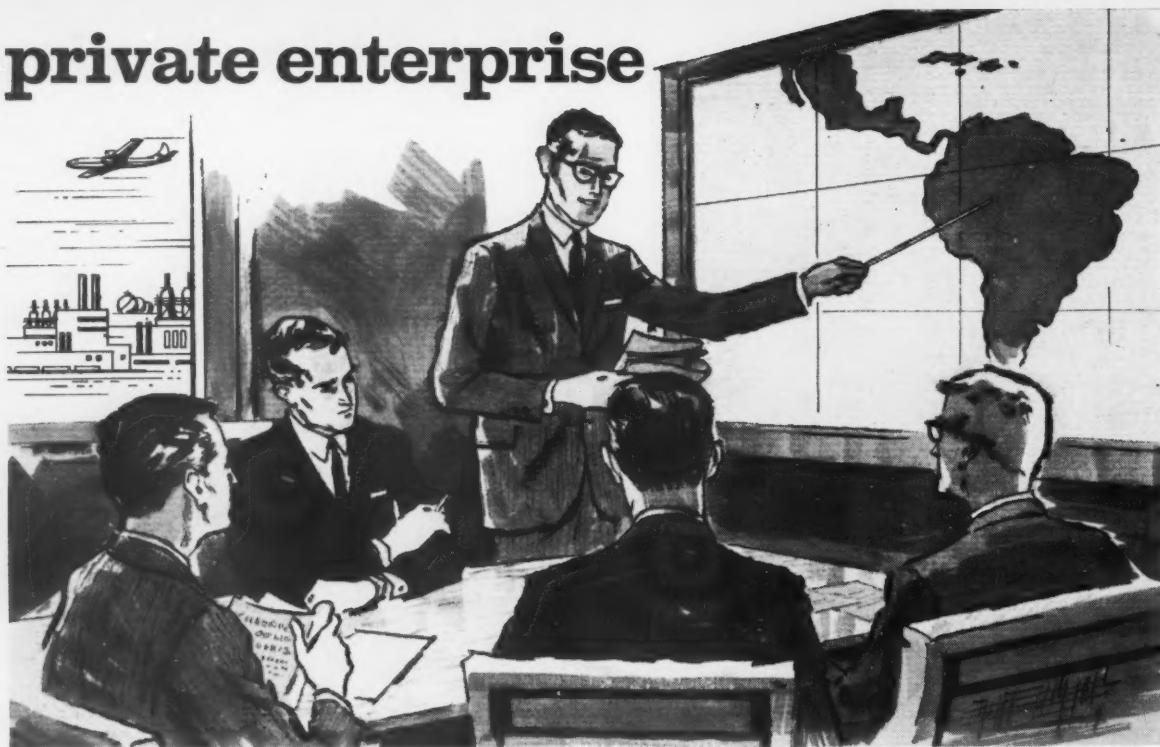
PARAGUAY: Why is this country "America's most unfortunate nation"?

PERU: The amazing tunnel through the Andes.

TUNNEL THROUGH THE ANDES



private enterprise



welds a profitable partnership between the Americas

The vigorous, rapidly-growing countries of Latin America offer growth-minded United States industry as wide a variety of geographical characteristics, resources and business opportunities as can be found in any area of the world.

Vision and enterprise of private investors have played a vital role in developing these resources and opportunities. Inter-American trade and investment have helped create a two-way flow of goods and services which is mutually beneficial to Latin America, and to the United States. For Latin America, this interchange of goods, capital and technology has brought increased productivity, additional employment opportunities, higher standards of living, and more diversified and stable national economies. For the United States, it has brought expanded opportunities for the profitable employment of capital and labor and has opened up additional sources of materials and products essential to its economy, contributing immeasurably to its national security and well being.

The \$9 billion already invested by United States business in Latin America is only a small portion of the vast amount of foreign investment capital needed to supplement local resources in meeting the growing needs of the area. The American & Foreign Power System, already a leading investor in Latin America, has spent \$175 million during the past two years to meet the area's growing demands for electricity—key to industrial growth and to national progress and prosperity.

FOR FULL INFORMATION on opportunities for investment in the countries served by the American & Foreign Power System, write the Company's Area Development Section.

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ONE MORE FOR OUR SIDE

One of the directors of our magazine has just returned from his first trip to South America — Brazil, Argentina and Uruguay.

In many meetings I had told him of the greatness of the other Americas, of their vast economic and financial potential, of how these lands actually represented the most important single future investment area for the United States. He would listen, but would remain either unconvinced or skeptical.

It seemed a little incredible to him that cities like Rio de Janeiro, Sao Paulo, Buenos Aires or Montevideo could be as big or as modern as I had portrayed them. To him they were names, no more. But now he has returned, and that tiny spark of interest which was present before has broadened into full flame.

The shoe is now on the other foot. He is now telling me about those same cities — of their size, of indications of progress, and of modern techniques.

As for the attitude of the individual Latin America, this is now his view:

"I have heard and read so many stories in newspapers about revolutions and anti-American demonstrations that I felt every Latin American utterly despised us. I found this to be completely untrue. Every where I went, in Brazil, or Argentina, or Uruguay I found them interesting, informative, helpful and most friendly."

Since this is what we have been trying to get across in the pages of this magazine for several years, I am beginning to wonder, as a publisher, just where we have failed. Certainly one as intimate with our operations as a stockholder and a director should have felt these things and been moved by them.

Perhaps unconsciously he was . . . and that was why, in spite of many publishing crises, he stayed with us and helped out. Now, however, there is no question of his attitude toward the other Americas — he is unequivocally sold. That one trip did it.

If it accomplished this miracle with our director, certainly it should do the same for those countless North Americans who are thinking of that trip to the other Americas, but have not yet taken it. The idea is sincerely suggested.

William G. Gaudet

PUBLISHER

Member, Inter American Press Association

THIS MONTH'S COVER: Lake Marcapomacocha, high in the Peruvian Andes. Ektachrome courtesy Lima Power and Light Company.

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LATIN AMERICAN REPORT

Published monthly to record and interpret the changing history of our hemisphere.

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PHOTOGRAPHS IN THIS ISSUE: 4-9, Government of Peru; 16-19, National Cotton Council.

UP TO DA

A Monthly Summation of L

COLOMBIA . . .

This nation, continuing its upward economic climb, has just bid for \$103,000,000 to help finance industrial expansion. In the U. S., where the credits will be granted, bankers are favorably impressed with the presentation made by Jorge Franco, head of the Economic Planning Board. He showed that bank reserves now stand at \$202,000,000 and that in the first six months of this year Colombia showed a favorable balance of trade amounting to almost \$12,000,000.

PUERTO RICO . . .

Students in Puerto Rico do more besides study their lessons, it was reported in San Juan this month. The student body of the University of Puerto Rico, some 17,000 strong, is now required to make economic surveys on the profitability of various types of industries which are now located, or could be located, in specific communities around the island. Students who turn in the best reports can win scholarships to top U. S. universities. According to government experts, the surveys will help Puerto Rico reach its goal of 2,500 factories operating on the island by 1975.

PERU . . .

Pedro Beltran, this country's new prime minister, has just succeeded in pulling his government off the brink of a possible political disaster. Since taking over in July of this year, he has streamlined governmental machinery, and in general launched a be-tough-in-government policy which has noticeably stabilized Peru's political and economic picture. This policy has earned Beltran many critics, and it would have been all too easy for him to attempt to pacify them by giving in to some extent to their demands. He didn't, however, and Peru is stronger as a result. One interesting offshoot: Beltran owns a newspaper, La Prensa, which has led in circulation due to its criticism of the government that was in power before its boss took over. Now citizens are accusing it of being "pro-government", are buying a rival paper, El Comercio, which is a leading critical voice of the Beltran government.

BOLIVIA . . .

This nation is due to elect a new president next year, and the political campaign is already approaching the boiling point. However, the battle is not between various political parties, but between factions of one party, the National Revolutionary Movement. What's more, the fight is not over the Presidency, but over the vice-presidency. Victor Paz Estenssoro, former President and current party chief, is fully expected to be nominated for President. However, three candidates, all diametrically opposed to one another, are fighting it out for the privilege of being Paz Estenssoro's running mate. The way things look right now, a dark horse, Dr. Guevara Arle, seems likely to be named for the job.

VENEZUELA . . .

Caracas, with a population now approaching 1,500,000, is planning to undertake still another tremendous civic construction effort. The new program calls for a subway, fourteen new super arterial avenues, more low cost housing, new schools and improvements to parks. The government has announced that the program will cost over \$300,000,000. Of that amount, \$180,000,000 is earmarked for construction of the main trunk line of the subway, which has already been approved by the Venezuelan Cabinet. Also on the improvement schedule: a fantastic giant racetrack, to cost \$66,000,000. Called the Hipodromo Nacional, and designed by U. S. racetrack architect Arthur Froehlich, it will make an impressive addition to the Caracas skyline.

ECUADOR . . .

Mount Chambarazo, a 20,500 foot high peak just a few miles south of the equator, may soon make this country vital to the coming space age. Scientists have determined that the most advantageous launching site for interplanetary flights would be a high peak on or near the equator. Chambarazo certainly fills these requirements. However, the scientists have yet to figure out a way to get a rocket to the top of such a mountain to begin with.

ATE...

on of Latin American News, Features and Events

COSTA RICA . . .

Reports from this Central American nation indicate that opposition to the Somoza government of Nicaragua is being allowed to grow here. Some six splinter opposition parties to the Somoza rule have grouped together under the leadership of Enrique Lacayo Farfan, a Nicaraguan surgeon now in exile, who is reportedly not averse to an out and out invasion of his homeland. Farfan has announced that he has three rebel columns operating in Nicaraguan territory, and isn't planning to stop his revolutionary activities until they succeed in overthrowing the Somozas. What makes all this seem a bit ridiculous is the fact that Luis Somoza, current President of Nicaragua, has just had an amendment added to the Nicaraguan constitution. It bars himself and any member of the Somoza family, down to second cousins, from election to the presidency in the future.

URUGUAY . . .

The Common Market moved one step nearer reality in Montevideo recently with the signing of an agreement to eliminate trade barriers between member nations within twelve years. The signers: Argentina, Brazil, Bolivia, Paraguay, Chile, Peru and Uruguay. This is the southern regional market, formed to compliment the northern group, already working out trade lists, of Venezuela, Colombia and Ecuador.

CHILE . . .

Top communist leaders met in Santiago, capital of this nation, recently. According to reports just now filtering down through the party apparatus, the communist line for the immediate future seems to be: accuse the U. S. of attempting to overthrow Fidel Castro, encourage Latin-Soviet trade, encourage anti-U. S. feeling, foment labor trouble, especially around foreign owned installations.

BRAZIL . . .

Sao Paulo, a city of some 3,000,000 people, almost got non-resident rhinoceros as mayor last month. The story goes something like this: Ca-

careco, the rhinoceros, lives at the Rio de Janeiro zoo, about 250 miles down the road from Sao Paulo. But she once came to Sao Paulo on loan, and the people there felt so fond of her they felt they ought to show the rhino that she was wanted in their city. So when municipal elections came around last month people wrote Cacareco's name in on their ballots. As the votes were being tallied it became apparent that Cacareco, with an early 110,000 vote plurality, was going to win. Election officials, however, had a different idea. Non-residents, they said, could not run as candidates. Cacareco was disqualified.

CUBA . . .

The Castro government, concerned over the recent abrupt drop in tourist traffic to Havana, has begun a crash program to draw more North Americans with money in their pockets to this island nation. The Cuban Tourist Institute has announced a \$200,000,000 schedule to accomplish this goal, starting with \$50,000,000 to be spent in the next twelve months for advertising and new tourist facilities. The latter will include new hotels, beaches, roads, restaurants, boat harbors and motels. Complete overhaul of the present airport and construction of a new jet air terminal are also on the agenda. According to Carlos F. Almoina, executive director of the Institute, the program calls for opening of the entire island to tourist development. He explained that in the past Havana was the only real tourist attraction in the country, but that this is now due for a change.

MEXICO . . .

The Lopez Mateos government has launched a two point rehabilitation program designed to improve the lot of two very different classes of its people. Mexican indians are soon due for new schools, roads, more land and instruction in modern agricultural techniques. The other part of the program will relocate several thousand Mexican miners on farms given to them by the government. This latter

move has been made necessary by the gradual depletion of Mexico's mining resources.

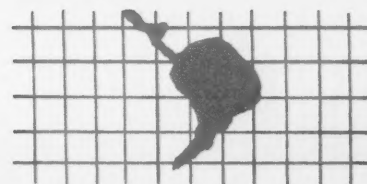
The Organization of American States has announced that it will soon establish a school to train high level employees of Latin agricultural banks here in Mexico. The Latin American Agricultural Credit Center, as the institution is to be called, will open in 1960 with an annual budget of about \$240,000. The center will receive aid from banks all over Latin America, as well as OAS and UN organizations.

OLD SOLDIERS DEPT. . . .

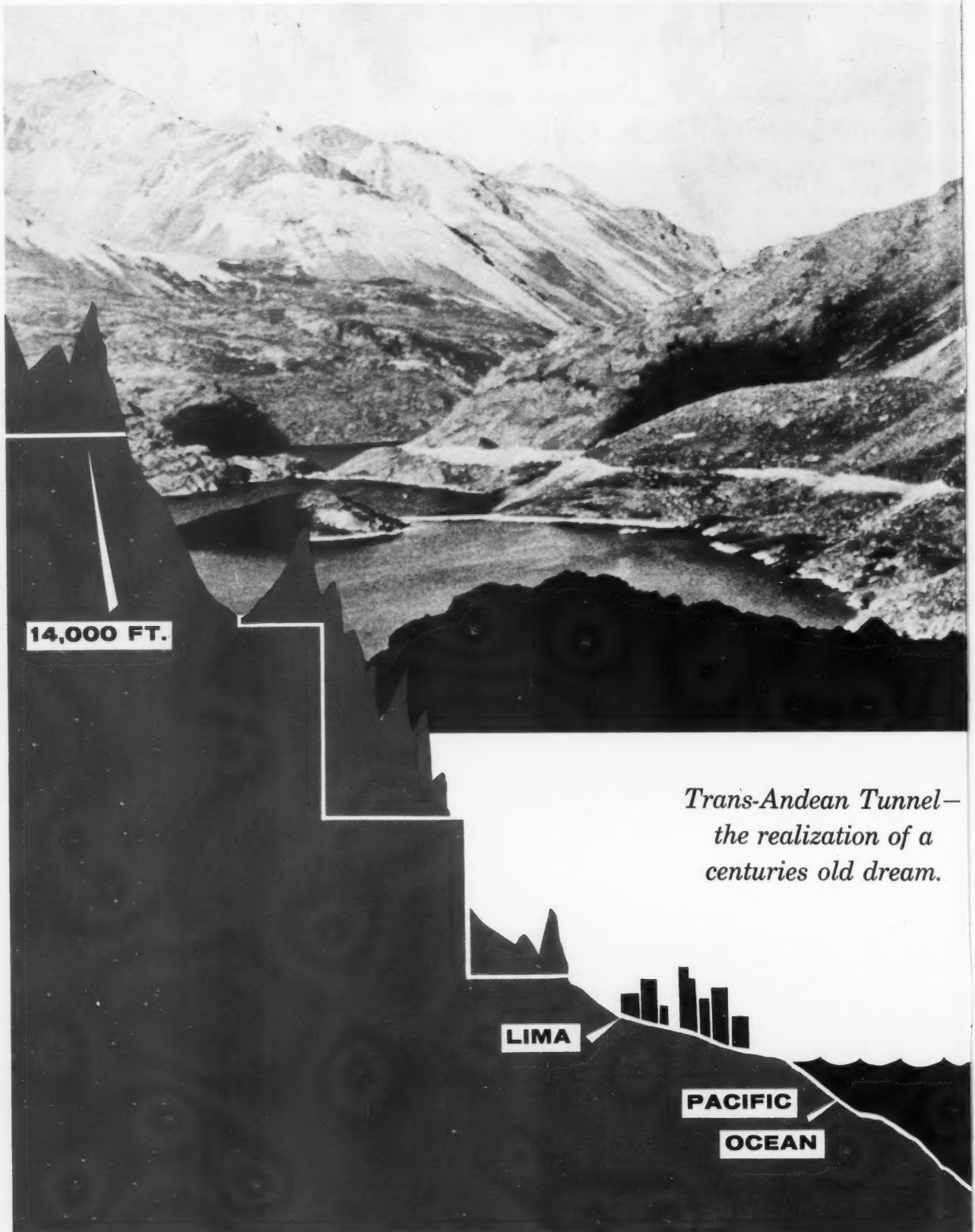
General Maxwell D. Taylor, recently retired Chief of Staff of the U. S. Army, is joining the growing number of U. S. ex-generals who are heading south of the border in executive positions. General Taylor will take over as chairman of the board of the Mexican Light and Power Company, replacing William Draper, New York investment banker. Perhaps General Taylor, who speaks excellent Spanish, is considered just as influential, and much friendlier, than Mr. Draper.

UNITED STATES . . .

Experts in Washington are claiming that one solution to the Latin housing problem would be creation of savings and loan associations in Latin America. They explain that private capital made available solely for home building purposes through a low interest savings and loan association setup would go a long way toward alleviating this problem. The biggest block to such a program, say the experts, is the fact that some means must be provided to insure U. S. capital against the risks of foreign investment.



LAKE MARCOPOMACocha



TUNNEL THROUGH THE ANDES

The Inca emperors who governed Peru up to the time of the Spanish conquest managed to be among other things, great public works constructors and somewhat formidable hydraulic engineers. They had to be, for Peru is a country strangely interspersed by areas of abundance of water and almost total drought. Canals built by these ancient engineers still stand. What's more, many of them were so well constructed that they are still in use.

However, the Incas could not tunnel through mountains of stone; they had no explosives. Therefore, their water transportation system consisted of moving the liquid from high areas to low areas through open canals which wound around the mountains. They found it easy to irrigate the plains from lakes in the foothills, but it was considered impossible to get water from very high lakes down through the solid barrier of the Andes mountains. One of these high lakes was Marcapomacocha, lying nearly 15,000 feet above sea level.

For centuries engineers had eyed the water and hydro-electric potential of Marcapomacocha, and for centuries had considered the idea of getting its power into harness impossible. The lake lies on the eastern side of the highest Andes, and drains eastward into the Amazon watershed. To make its potential realizeable, the lake would have to be induced to flow westward, down toward Lima and the Pacific Ocean. It finally became obvious that there was only one way to accomplish this: dig a tunnel through the Andes mountains from the lake to the fast falling Canchis river on the western side of the mountains.

This realization was made official in 1936, when Paul Boner, an engineer with the Lima Light and Power Company, presented the first plan for such a tunnel to his company.

From 1936 until 1957 the great project remained a dream. Various engineers were brought in to study the problems of excavating such a tunnel. Some gave up, others presented plans only to have them apparently filed away in a cubbyhole, never to be seen again. But all the while time was moving by, and with its passage Peru kept on growing. After World War II was over, the first great moves toward industrialization were made, and with

them came the realization that something was lacking in Peru. Electric power.

In a flash the Marcapomacocha project was hauled out of its cubbyhole. Here was perfect way to supply both hydro-electric power and water for irrigation. The former was sorely needed for industry, and the latter for raising crops to feed Peru's growing population. Paul Boner's 1936 plan was unrolled and restudied. But the critical portion of the entire plan to divert the lake to flow west instead of east hinged on the tunnel that had to be built through the mountains. It still seemed impossible.

Finally, however, the Peruvian government decided to take a chance. The Lima Light and Power Company had presented a total operating and construction plan which seemed to combine the best features of two decades of study of the problem. On September 13, 1957, the government gave Lima Light and Power the go-ahead to build the Marcapomacocha Trans-Andean tunnel.

As may be seen on the accompanying map, Lake Marcapomacocha is actually three connected bodies of water. Together they form the largest and highest water reservoir in Peru readily accessible to Lima, which, with its surrounding area, is both the most populous and most industrialized region of the country.

Note that the lake is 15,000 feet above sea level, or roughly 14,500 feet higher than Lima. It is this altitude which makes it such a desirable body of water to harness for hydro-electric power. The higher a body of water, the more swiftly and powerfully it flows when rushing down towards the ocean, and the more power it can produce. It is estimated that Marcapomacocha can supply 477,000,000 kilowatt hours of electric power and will flow at the rate of over 10 cubic feet per second when the entire project is completed.

The water, once it has passed through the electric generating stage, will then be used to irrigate over 28 square miles of land in the Lima area. It is estimated that this new source of irrigation could well raise the value of this land to as high as \$3,000,000. Finally, the lake will pour enough water into Lima itself to assure a plentiful and

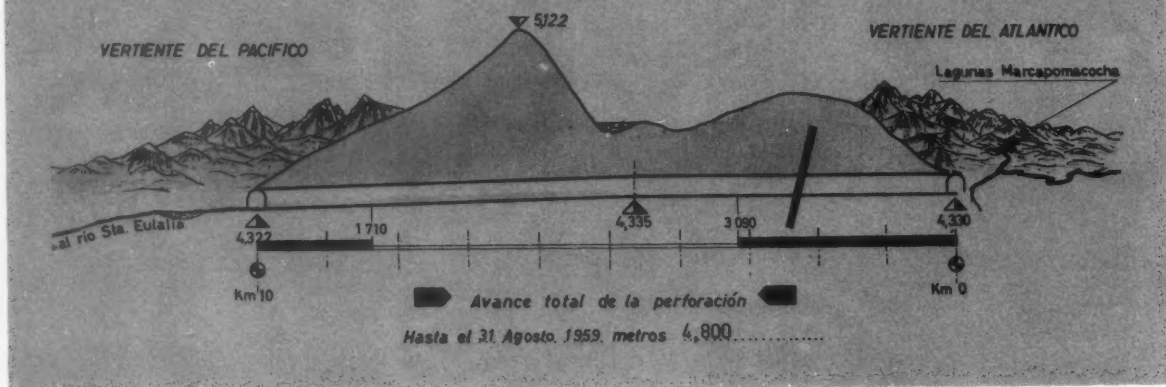
Empresas Eléctricas Asociadas
& Hidrandina
Lima Perú

Proyecto Ing° Pablo Boner

DERIVACION DEL MARCAPOMACocha GALERIA TRANSANDINA

1958-1960

▽ = altitud



pure water supply for the city for many years to come.

The Marcapomacocha project is not simply one tunnel. It consists of a whole chain of dams, canals, hydroelectric stations and tunnels winding their way down toward sea level. Most of the links in this chain have already been built, and others are hastening toward completion as this is being written. However, the key link is the Marcapomacocha tunnel itself, or the Trans-Andean tunnel, as it is called.

The name is an apt one, for though the tunnel is only a little over six miles long, it cuts under the exact center of the highest ridge of the mountains, the one called "the backbone of the Andes".

It is being built at an altitude of 14,000 feet above sea level, through solid rock, where the air temperature falls to 30 below zero without any provocation whatsoever, and freezing water seeps through the mountains at rates up to 184 gallons per second.

For obvious reasons, the work has not progressed very rapidly. Though the tunnel is being worked on from both ends at once, it is moving toward completion at only 16 feet per day. Lest this be considered too slow, however, remember this: the men who are digging the Trans-Andean tunnel, though working underground, are almost three miles above sea level. They are performing manual labor at an altitude where fliers are required to wear oxygen masks just to keep from passing out.

What's more, digging the tunnel is not exactly like digging through a sandpile. Since the entire mountain is solid rock, every inch forward means another day blasting with dynamite. Workers must clamber up the open rock face at the tunnel's head and drill holes in the wall. Then they plant their charges, everybody retreats, and the dynamite is set off. After the debris has settled, the loose rock is piled onto railway mounted carts and hauled out of the tunnel.

Once the move forward is made, the real danger begins. Water begins pouring down into the hole, so that it is always raining up at the end of the tunnel. Workers must wear hip boots and steel helmets at all times. The water would not be so bad if it were not for the fact that the men know that the seepage can loosen the rock over their heads enough for the whole mountain to come down on top of them. And there is over half a mile of mountain

on top of the tunnel. That's over 13,600,000,000 cubic feet of rock. In case that doesn't impress you, it is estimated that all that rock weighs about 440,000,000 tons.

The next step in the process of tunnel building is to shore up the interior, so that there is less danger of a cave-in. This is done by bracing the loose rock walls with lumber and steel braces. The protection they provide is real enough, but one look at their puny strength matched against the awesome power of the mountain walls is enough to shake anybody's confidence in man's ability to conquer nature. And all the while the water pours down from above, sometimes making a river out of the tunnel floor. Pumps evacuate the torrent 24 hours a day, but never seem to be able to get ahead of it until the walls are sealed with concrete.

This sealing up of the rock is the final step in the tunnel's construction. It turns the entire tunnel into a huge concrete tube, a sort of gigantic cement water pipe. When the tunnel is in use, the entire diameter of the pipe is expected to be filled with water.

Every step of the way in preparing the tunnel for the day when it will be put into use is a potentially fatal one. Dynamite, loose rock, cave-ins, rushing seepage water, high altitude, wild terrain, all spell danger. And though the men working on the tunnel are well aware of this, they seem happy enough. They have been recruited from the high reaches of the Andes, so the rarified air is not a new experience for them. They are well paid and cared for, and the Lima Light and Power Company takes pride in declaring that "there have been no labor problems on the project, and complaints are extremely rare".

One engineer explains the workers' spirit thusly:

"The men seem to realize the importance of the project, not only for Peru, but for themselves and their families."

As of this writing, over \$7,500,000 has been spent on the tunnel across the Andes. Of the total six mile distance, three miles of tunnel have been dug, though not quite that many have been completely finished. It is expected that the work will go on for another year and a half or more. During that time Peru will come closer and closer to the realization of a centuries old dream—inch by blasted inch. ●

How to dig a tunnel

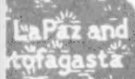
First comes the excavation of the hole itself. This requires the use of a lot of dynamite and even more manpower. The pipe at the left supplies air to the men working at the head of the hole. The tracks, center, carry carts which haul out the loose rock. Men to the right are laboring to lay pipe which will help drain out the knee deep seepage water.



Up at the end of the hole the seepage comes down like rain. Everyone wears raincoats and sashes around in hip boots. The wooden shoring is to keep the rock off the men's heads, but every once in a while some manages to get through, as at the left. Note the end of the breather pipe and the railway cart.

The finished product. This is how the entire tunnel will look when done. The breather pipe and smaller drainage pipe running alongside will be removed when the work is finished. Right now men are blasting ahead almost three miles on down inside this hole.





Paraguay

According to reliable sources, the first European to set eyes on Paraguay was a ship's lookout for a Spanish trading galleon. What makes this occurrence remarkable is the fact that Paraguay lies over 360 miles from the nearest ocean.

From such a beginning to nation's history you might expect that things weren't going to go according to form. In Paraguay's case you would be absolutely correct. This landlocked little country, slightly smaller than the U. S. state of California, has been characterized as possessing the most unfortunate historical development of any Latin American nation.

LOCATION. Paraguay lies in the center of South America. It has no oceanside borders at all, a characteristic it shares with Bolivia, its neighbor to the northwest. Paraguay's other bordering neighbor countries are Argentina on the south and Brazil on the north and east. The country does have access to the sea, however, via the Parana River, which flows along the southern border of Paraguay, thence to the Atlantic Ocean, passing Buenos Aires on the way. The Parana connects with Paraguay's second largest river, called the Paraguay, at the southwestern tip of the country. The Paraguay flows north to Asuncion, the nation's capital city, from that point.

After leaving Asuncion, the Paraguay continues north right across the country, dividing the entire nation into two very distinct geographical zones. The eastern side of this line, a fertile rolling plain, contains the smaller amount of land, but is by far the more developed part of Paraguay. Here is where virtually the entire population of the country lives, where almost all the original settlement of the area was carried on and where most of the country's agriculture and manufacturing is based. The western side of the line is called the Chaco, and is the home of the Moros.

These swamp and jungle living na-

tives, averaging about five feet tall, are called "the invisible ones" by other Paraguayans, and though they have been getting progressively tamer with the passage of years, are not exactly civilized yet. Last year Moros killed a missionary, attacked a U. S. oil exploration camp of some two dozen armed men, and ambushed a drilling site work crew. In all cases they were armed only with spears and bows and arrows, and once kept attacking for 32 hours in the face of repeated rifle fire.

The Chaco is quite a bit larger than Eastern Paraguay, but due to its wild and hostile nature has not even been fully explored, much less settled. Much of it is a swampy, desolate jungle, filled with all sorts of wild animals (and the Moros). Other parts are subject to droughts. The rest, however, is a vast plain, and it is believed that this area would make excellent farming and cattle grazing land. Oil is thought to lie just below its surface. Right now two things are being done with the Chaco: lumber is cut and exported in considerable quantity from the northern section of the area, and some oil exploration is going on in the northwest.

From Paraguay's geographical appearance, one would suspect that the country was originally settled by colonists moving north up the Parana River, the logical route inland from the sea. But Paraguay seems to have a penchant for doing things the hard way: the country's first explorer came in via the Chaco from Brazil. After that, however, things took a more normal course. Asuncion was the first settlement in the area, and was originally intended to be the capital of the Rio de la Plata territories of the Spanish empire. These territories included what is now Argentina, Paraguay, a corner of Bolivia, part of what is now Brazil and Uruguay. The reason for choosing such an inland site for the capital was actually quite sensible. The Spanish did not have colonization rights to the eastern part of South

America. That was Portuguese territory. Therefore, the Rio de la Plata territories were originally settled from the west, via trans-Andean colonization from the Spanish cities of Cuzco and Lima. It was only natural for the Spanish to put their eastern capital as close to a center line between the eastern reaches of the colonies and the western home bases as possible.

Gradually, however, it became apparent that the Rio de la Plata estuary itself, actually a huge bay which connects the Parana with the Atlantic, was a far more desirable site for a city. In 1580, after several false starts, Buenos Aires was established on the southern bank of the bay, and the territorial capital was moved from Asuncion to the new settlement.

JEALOUSY. This move did not exactly meet with the approval of Asuncionites. They felt that they were being robbed of the one thing which made their city the center of trade and development for the eastern territories, and they were right. By the turn of the seventeenth century (1600) it was apparent that Buenos Aires was going to become a far more important city than Asuncion. Shortly thereafter, in 1617, Paraguay was separated from control of the Buenos Aires government, mainly at the request of the Paraguayans, who apparently wanted as little as possible to do with the upstart colony to the south.

By 1810 Buenos Aires had become quite a metropolis, chief city of the rapidly developing Argentine area. In that year the people of the city revolted against the Spanish viceroy and declared their independence from Spain. More or less as an afterthought, they invited the people of Asuncion to join the revolt.

This was a mistake. The Paraguayans, still harboring resentment for the southerners, refused. And just to make the nature of their refusal



A rare picture of Chaco Indians.

perfectly clear, they then proceeded to revolt on their own. One year later Spanish rule of Paraguay was ended.

From the very beginning of Paraguay's independence a pattern of dictatorship was established, and for better or worse, it has never changed. The first man in the long line of absolute rulers was Dr. Gaspar Rodríguez de Francia, called "the father of the country" by Paraguayans. It was he who led the revolt against Spain. He then closed Paraguay's borders to the outside world, and though devoted to his people's economic and educational development, harbored no criticism from any source whatsoever. Religious and intellectual leaders found themselves in trouble every time they opened their mouths.

Francia died in 1840, and from then until his death in 1862, control of the government was in the hands of Carlos Antonio López, first as one of two consuls, later as sole head of state. López was what in Europe would have been called a benevolent despot. He reversed Francia's policy of isolation, built schools, roads, railroads and set up legislation for emancipation of the Indian slaves, held by the wealthy landowners since colonial days.

Throughout this entire period relations between Paraguay and Argentina were growing progressively worse. From the very beginning, 1811, there had been arguments between the two countries. Argentinians were vexed because Paraguay had helped Uruguay revolt against the Spanish, but had refused aid to their country. Treaty disputes, border trouble, and accusations of trade interference flew back and forth for fifty years.

As if this weren't enough, dictator Francia had, in 1820, started a

smouldering dispute with Brazil. He accused the Portuguese of instigating the Indians to attack Paraguayan frontier settlements, and insinuated that Brazil was trying to grab some of Paraguay's land along the border. Trade and diplomatic relations were severed and the border was closed. This dispute was still hanging in the air when López took over in 1840, and for ten years he tried to work out a solution. But by then the matter had become so entangled that the only solution he could come to was a treaty with Brazil which called for evacuation of the disputed area by the citizens of both countries until something more permanent could be decided.

With that out of the way, Argentina came back into the picture. Its dictator, Juan Manuel de Rosas, had accused López of helping some of the northernmost Argentine provinces revolt against his bloody rule. López therefore took the next possible opportunity, Rosas' war against Uruguay, to side with the Uruguayans against the Argentine ruler.

When the dust and blood had settled, in 1852, Brazil and Argentina both realized at once that Paraguay had apparently taken advantage of its alliance with the former nation to expand back into the evacuated border territories, and had also taken some Argentine land as "war indemnities". For three more years words flew hot and heavy between the three nations until, in 1855, the Brazilian army marched into the border lands and forced Paraguay into a treaty. Argentina followed suit and did the same thing the following year.

WAR. In 1857 López was reappointed to the Presidency for another ten years, but he died in 1862, leaving Paraguay in an unstable con-

dition. The country was in generally good economic shape, and had an excellent army. But it also had more than its share of international problems, especially with its two neighbors, Brazil and Argentina. Fortunately, thought everybody, *el Presidente* had provided for an able successor in his son, Francisco Solano López. How wrong they were.

Solano López had been sent to Europe in 1852 as a sort of traveling ambassador to various European governments. Once there, he spent most of his time as an apprentice to various and sundry Field Marshals, so that when he arrived back home at his father's death, Solano knew very little about statesmanship, but an awful lot about war. He was very pleased to note that his father had provided him with a good army, and almost immediately saw this as a possible solution to all of Paraguay's troubles.

Casting about for a place to make his weight felt, López noted that tiny Uruguay was in trouble. One of her political parties had allied with the Argentines in a move to take over the country. The other party had enlisted the aid of Brazil, and was winning the war. Solano felt that he ought to aid the underdog, and offered to help out the Argentine group. Paraguay broke off diplomatic relations with Brazil, sealed its rivers to Brazilian shipping, and invaded the Brazilian province of Matto Grosso. So far, so good.

Solano then decided to march across a tiny neck of Argentine territory that sticks up under Paraguay and attack the Brazilians just north of the Uruguayan border. This was his big mistake. The Brazilian-backed group was in power, and to settle the war, had signed a secret treaty with Argentina. This put the Paraguayans in considerable trouble. Their army was invading both Brazil and Argentina, but fighting a war that had already ended.

Solano didn't know about the treaty, of course, but this didn't matter a bit to the Brazilians and Argentinians. They saw the occasion as a glorious opportunity to settle all their disputes with Paraguay by obliterating the entire nation. Both countries declared war on Paraguay, and Uruguay, now ruled by a pro-Brazilian party, threw in with the big two.

The three nations, called the "Triple Alliance" in history books, had large armies, but, as may be gathered from their sometimes violent relations with one another, were not the best of friends. All had entered the war against Paraguay with some hope of personal gain, and very little

thought of mutual aid. Thus Solano Lopez, hopelessly outnumbered, surrounded, cut off from the sea, was able to outmaneuver and outfight all three bickering armies at once.

He held out for five years, fighting what has been called one of the most gallant but hopeless wars in the history of the world. It is believed that had not the Civil War in the United States just ended at this time, the Paraguayan war would have received a more prominent place in many history books.

The war began in 1864. At its end, in 1870, Paraguay had been invaded from five directions. Asuncion and most other cities were occupied or in ruin. Solano was dead, killed on the field of battle. Paraguay had lost over 50,000 square miles of land. However, that was hardly the worst of it.

Of Paraguay's one million people, less than 300,000 survived the war. Of these, only 29,000 were male, and they were mainly old men, boys and the crippled and wounded.

"And now", as one historian has said, "you know why Paraguay is still fifty years behind its neighbors in development".

Actually, the country has never fully recovered from this staggering blow. It depended on its manpower for food from the fields, for development of natural industries, for the raising of cattle and the management of its government. It should come as no surprise, therefore, when it is revealed that Paraguay had no less than 29 presidents between 1870 and 1932. Few of them had the strength or ability to hold office for a full term.

In 1932, just when it seemed that the nation was finally on the road to

recovery, with a new generation helping to build the population back up to where it had been 70 years before, another war broke out. This one was against Bolivia, and concerned another border dispute. Hostilities were confined to border skirmishes in the northern reaches of the Chaco, and Paraguay emerged the winner of the war, by treaty, after six years of on and off negotiating.

THE ARMY. The Chaco war was not too important from a territorial standpoint, even though a land dispute had started the whole thing. What it did determine was the course of Paraguay's history up to the present. The Paraguayan army emerged from the war as the strongest political force in the country. It succeeded in having its biggest hero, General Jose Felix Estigarribia, elected to the presidency in 1939. After only six months in office, he assumed dictatorial powers, during which time he guided the drawing up of a new constitution, still in use, which gives the Paraguayan president complete power over the state. Not a year later he was dead, killed in an airplane crash.

The next man to take over was Higinio Morinigo, another general. Morinigo had been appointed Minister of War by Estigarribia, and it had been assumed that he was faithful to the tenets of his old leader. But such was not the case. Morinigo immediately began putting into office men of the Colorado party. Then he outlawed the Liberal party, which was Estigarribia's group. In 1948 Morinigo was forced to resign by extremists within his own party, who thereupon held an election, which the Colorado



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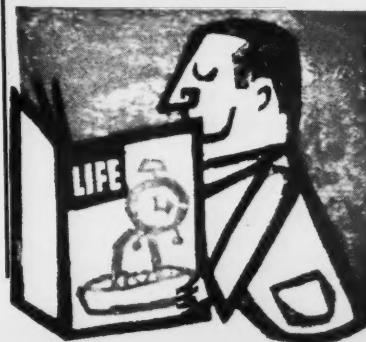
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Paraguay's small farms dot the countryside.



General Alfredo Stroessner, Paraguay's President.

candidate handily won, since there was no local opposition. General Morinigo, it is suspected, was used by the Colorados for political purposes.

Despite the fact that the Colorado party was now the only legal political organization in the country, Paraguay's political course remained rough. Splits among party factions caused one president after another to take and leave office until 1954. In that year the governing board of the Colorados met and decided to bury the hatchet. They selected another army man, General Alfredo Stroessner, to be their candidate for the presidency. He won, in an unopposed election.

Stroessner has been called "the last remaining dictator in South America", an appellation which even he does not deny. Paraguay is ruled by his ungloved iron fist, and civil liberties are non-existent. Newspapers, radio, schools, labor unions, churches and political parties are either controlled

by the government or put out of existence. However Stroessner is considered to be extraordinary loyal to his dream of a bigger and better Paraguay despite his lack of regard for his people internal freedoms. An artillery officer by profession, he enjoys the total confidence of the army, but is finding himself on shakier and shakier ground when it comes to members of his own political party, the Colorados.

Exactly what goes on inside the Paraguayan government is difficult to say. Stroessner is notably reticent when it comes to explaining his government operations, and nobody talks behind the boss's back. However, it appears that an all out battle is shaping up within party ranks. Stroessner, who apparently realized from the start that the army, and not the Colorado party, was the real key to power in Paraguay, has been depriving politicians of certain "rights", such as \$30,000 summer cottages, which

he readily grants to military men. This has led to bitter envy and frustrated dreams on the part of many members of the party, men who helped put Stroessner into power.

Another faction of the Colorado party is in exile, in Montevideo. This group, which is growing in numbers, is bombarding the homeland with propaganda calling for more civil freedom in Paraguay. Freedom of the press, of speech, of religion, are included in the demands. Stroessner has little to fear from this source alone, but he could find himself in real trouble if the disgruntled politicians in his own palace ever banded together with this, or any other group of Paraguayan exiles.

The reason this would be so dangerous is that when you come right down to it, a good bit of Paraguay's population is living in exile. It is estimated that fully 25% of Paraguay's citizens have fled across the borders to Argentina and Brazil to wait for the day Stroessner falls from power. Nor are many of his enemies waiting for somebody else to do the dirty work. It is reported that plots, counter-plots, arrests and mysterious dissappearances are common occurrences in Asuncion. And it is said that Fidel Castro himself is sending aid to Paraguayan rebels.

COMMUNISTS. President Stroessner says his enemies are communists, and he is at least partly correct. There is a well maintained leftist underground in Asuncion, supplied from South American communist headquarters in Montevideo. It is also probable that the communists have managed to infiltrate many of the dissatisfied political elements of the country itself, as well as certain of the groups in exile.

However, equally certain is the fact that many of Stroessner's opponents are legitimate freedom loving citizens. Among these are many members of the Catholic Church, notably Father Ramon Talavera, 35, the son of a wealthy Paraguayan rancher. Father Talavera has been leading clerical and lay opposition to Stroessner's dictatorial government for several years. Last winter he was expelled from his homeland for openly preaching against Stroessner, and has now found a party called the National Liberation Front, dedicated to his exiler's overthrow. Stroessner claims Talavera is a communist, a charge which the priest hotly denies. Father Talavera's effort is a dedicated one, but it seems hardly likely to succeed without military aid. And the army is loyal to Stroessner.

Aside from the army, one other factor lies in Stroessner's favor. His



Oil exploration crews dot the wild Chaco.

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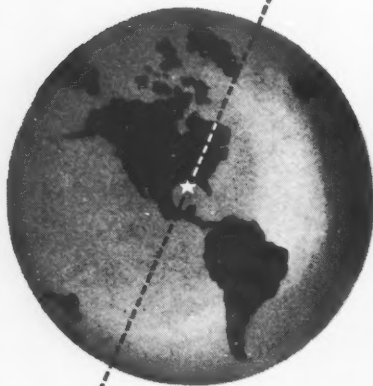
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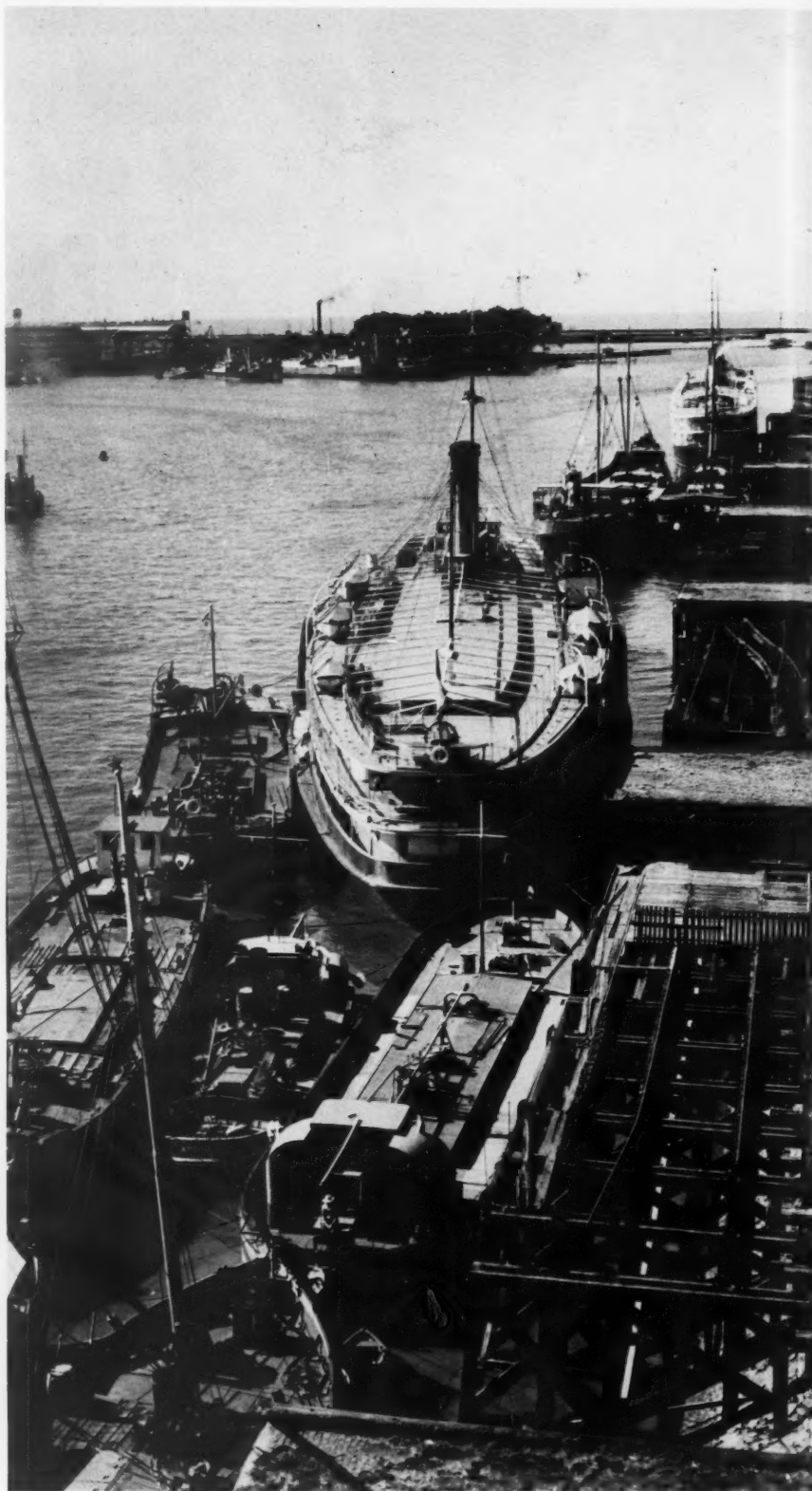
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River steamers are Paraguay's link with the ocean.

country is in excellent economic shape. This may be a somewhat misleading statement, since Paraguay is one of the poorest nations in Latin America. But the poverty is not Stroessner's fault. Remember that the nation's population is just now approaching the point it should have reached 60 years ago. Remember also that Stroessner's predecessors, while they built an army, did not do much toward building the country. Thus, while Paraguay may not have a good sewerage system to its name, or a free newspaper, it does have an extremely stable currency.

This year Paraguay paid back \$1,500,000 in international debts without borrowing from the United States to do so. Her gold reserves have risen almost \$1,000,000 at a time when most Latin nations are losing theirs. The government has even managed to lessen its own rate of spending.

Foreign investment, a key source of income for most Latin nations, is just beginning to reach Paraguay. Only \$60,000,000 has been invested there over the past half century or so, but things are looking up now. Recent figures show that the foreign investment total in the country has risen to over \$70,000,000. If oil is discovered in the Chaco, that figure may well double within a few years. The climate for foreign investment is considered to be good. Stroessner, anxious to develop his nation, has granted liberal tax and duty exemptions.

Paraguay, itself, however, has done much to defeat the government's investment seeking efforts. The country is shy of natural resources needed for manufacturing, its transportation facilities are considered poor, its manpower problem is still acute, and there is always the threat of the Moros out there in the Chaco, which is considered the one natural bed of riches remaining in the country.

What lies ahead for Paraguay is anybody's guess. It does not seem likely that Alfredo Stroessner, now 45, will be overthrown, at least not while he has the army behind him. Nor is it likely he will relax his iron rule. The only time he tried that, last April, rioting broke out in the capitol and martial law had to be re-invoked almost immediately. To make sure that no such demonstrations occur again, 35% of the Paraguayan national budget for the coming year has been earmarked for military expenditures.

Right now, and for what seems like a long time to come, South America's last dictator, Alfredo Stroessner, appears secure in his rule of Latin America's most historically unfortunate country. ●

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Cotton



NURSEMAID

A man deep in Mexico is playing nursemaid to a million and a half cotton flowers. As a result of his work, both North and South Americans may soon be able to buy a better form of this, one of man's most ancient natural fibers.

The man is Lon Lytton. He's in charge of the Winter Cotton Breeding Station at Iguala, 126 miles south of Mexico City, in the Pacific coast district of Guerrero. His job is to speed up the development of cotton through breeding. Scientists are using the service in their search for such qualities as greater length, strength, luster, and fineness of fiber; for earlier maturity, higher yields, better adaptation to mechanical harvesting, and greater resistance to diseases and insects. These factors figure importantly in quality improvement and lower production costs for cotton and its products.

Here's how the project works. Each fall, U. S. breeders air ship seed from promising strains of cotton to Iguala where they are planted. Seeds from cotton harvested in March and April are flown back to the States in time for spring planting. This makes possible two crops a year.

Sounds simple, doesn't it? But there's a lot of work involved in caring for a million and a half cotton flowers. If bees or other insects are allowed to get into a blossom, the efforts of the breeders are circumvented because the flower will be cross-pollinated. A cotton flower contains both male and female parts and will pollinate itself, which is what the breeders want it to do. Before the flower can open, therefore, Lon or his helpers wrap it with fine copper wire. This technique is called "selfing." It keeps insects out, prevents cross-pollination, and preserves the desired purity by allowing the flower to pollinate itself.

On the other hand, the breeder may want his cotton crossed with another specific variety. To effect a "cross",

petals and stamen of the unopened flowers are cut away, leaving the pistil. Pollen from the flower of another plant from which a cross is desired is dusted on the pistil and it is capped to prevent further cross-pollination by insects.

"I have nothing against bees," Lon wryly observes, "but they're not selective enough for our kind of pollination."

Since cotton flowers open early in the morning and Lon and his crew have to get to them before they open, work begins shortly after daylight. This means Lon must thread his way down a narrow mountain road in the grey dawn, dodging chickens, stray dogs, and burros laden with firewood. Lytton lives 22 miles away from the station in the cool, picturesque village of Taxco de Alarcon.

Cotton pickin' time also is a busy one at the station, since seed must be rushed to the States in time for planting. Each plant is harvested separately, and it is cotton ginned separately on miniature, hand-fed gins. Seed from each plant is thus kept separate for forwarding to individual breeders along with pertinent data.

Every Friday during harvesting season, Lon loads his station wagon with sacks of seed and drives to Mexico City. From here the seed is flown to El Paso, Texas, where it is fumigated, treated for disease resistance, and air shipped to breeders concerned.

"We've harvested seed here on Thursday, shipped it on Friday, and it has been planted in Georgia on the following Thursday," Lon notes with pardonable pride.

Besides the breeding plots there is a garden at the Iguala station containing 18 of the 24 known types of cotton. You can see cotton growing on bushes, on vines, and even on trees. Breeders studying these species find some interesting characteristics. Some of the cottons, for example,

seem to have little attraction for insects.

"Find out why pests don't like these cottons, and breed this trait into domesticated varieties," the scientists say, "and you may get an insect-proof cotton."

This is of special interest to the small scale Latin cotton raiser, since it would mean savings amounting to hundreds of millions of dollars a year for those who must now produce four acres in order to harvest three.

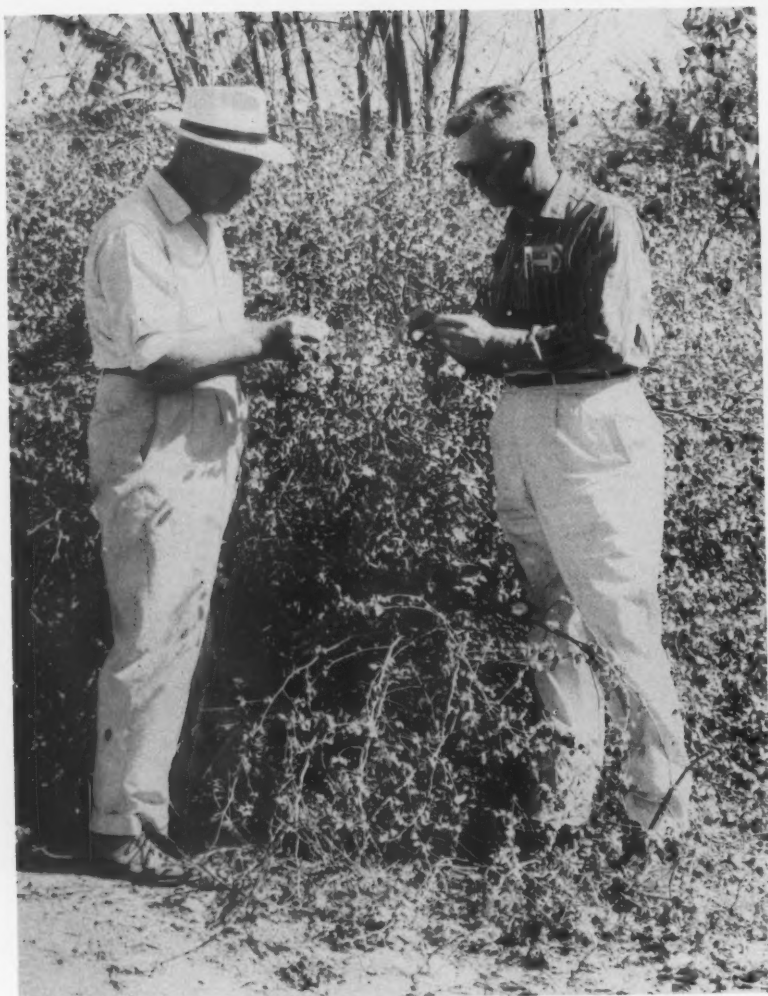
Other species growing in the garden have smooth leaves as contrasted with the "hairy" leaves of most domestic cottons. Leaf hairs cause bits of leaves to cling to the cotton, especially when it is harvested with machines. This trash is difficult to remove in ginning and lowers the quality of cotton.

Then there's the dream of geneticists—hybrid cotton. Its realization may not be too far away and the Winter Cotton Breeding Station is helping to speed the day when its production is commercially feasible. Greater fiber length, strength, fineness, luster, and uniformity, and plants that are harder and higher yielding—these are some of the hopes riding on the development of hybrids.

The Winter Cotton Breeding Station has been in existence since 1950 when it was set up by the National Cotton Council in cooperation with the U. S. and Mexican Departments of Agriculture, Cotton Belt experiment stations, and private breeders. How valuable is it?

"There's a new or greatly improved variety of cotton to show for each year the station has been in existence," comments Dr. H. D. Barker, head of Lon's department, the Cotton and Cordage Fiber Research Branch of the U. S. Department of Agriculture.

"And we hope that's just the beginning," Lon answers as he deftly snips the petals from one of his 1.5 million responsibilities.



Dr. H. D. Barker, (left), chief of the Cotton and Cordage Fiber Research Branch of USDA looks over plants growing in the species garden.

Cotton



Each cotton plant is tagged individually. When the sack is used for each plant.

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Over-all view of the experimental plot. ●

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SEE TRADE NOTES, PAGE 20



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ECUADOR . . .

Recent studies made here indicate that Ecuador may soon be in a position to industrialize at a far more rapid rate than is now possible. Over \$19,000,000 is currently being expended to complete a comprehensive road network in the country, and Guayaquil will soon have a new and better seaport. Moreover, the government has been made aware of the fact that exploitation of mineral resources has not been encouraged nearly enough, and that something will have to be done, and soon, to provide more electrical power for the country.

ARGENTINA . . .

In the midst of continuing internal political strife, the government here has announced an ambitious new economic program. It calls for decreased governmental spending, reduction of some 80,000 departmental employees, and sale of many state owned properties. Foreign capital investment will henceforth come under control of the Ministry of Economy.

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TRADE NOTES

Small industry is to have made available \$10,000,000 in short term credits for expansion, with a possible later increase. When the fund is exhausted, foreign investment will automatically be accorded. Five new foreign investments have already been approved, as follows: Goodyear Tire, \$1,000,373; Koppers International, \$7,600,000; Fisch Engineering and Texas Butadiene, \$40,000,000; General Motors, \$20,000,000; Petro-Chemicals, \$10,000,000.

GERMANY . . .

Trade between West Germany and Latin America has now reached \$1,450,000,000 per year, according to figures recently released. German investment in Latin America has reached a total of \$160,000,000, and is showing every sign of growing very rapidly. Behind this astounding boom: tight co-operation between German businessmen, banks, shipping lines and the Bonn government itself. Brazil is the nation receiving most of the Germans' attention at the present time, with Mexico and Venezuela running a close second. Mexico seems about to rise above Venezuela, however, since the Germans are participating in a European Common Market \$20,000,000 loan to Pemex, the Mexican oil monopoly.

CHILE . . .

Nine months ago Chile's U. S. dollar reserves were non-existent; now she has \$70,000,000 in her coffers. \$26,000,000 belongs to the Central Bank, of which \$14,000,000 is in deposits. \$20,000,000 was raised through a government bond issue. Further good news: Chilean unemployment is down by 32%, and industrial production is up %10. Finally, Chile has succeeded in arranging for \$282,000,000 in credits. \$132,000,000 is to come from the U. S., and \$100,000,000 from West Germany. The remaining \$50,000,000 will come from France.

BRAZIL . . .

The International Finance Corporation has announced plans to invest

\$1,050,000 in Champion Celulose S. A., a Brazilian corporation, for the construction and operation of a bleached sulfate wood pulp mill in the state of Sao Paulo. The total amount involved in the deal is \$4,000,000. The rest of the money is coming from the Deltec Corporation and affiliates of the Chemical Bank New York Trust Company and Bankers Trust Company. Champion Celulose is controlled by the Champion Paper Company of Hamilton, Ohio, which will send technicians to Brazil to train native workmen for positions of responsibility in the plant. Prime product of the plant will be pulp for high quality white paper.

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THE INTER-AMERICAN BANK

This article marks the start of a new Latin American Report feature designed especially for businessmen and those interested in Latin American economies. Periodically we will take up a different subject of hemisphere-wide interest in this field. When the subject warrants, Latin American Report will naturally do a full treatment, and place it in the front of the magazine. Your recommendation as to subjects to be covered will be appreciated.

—Ed.

The greatest boon to Latin American economies in recent years, the American Development Bank, is at last a reality. All member nations of the Organization of American States have signed the final authorization acts for the Bank, and all that remains is for member nations themselves to ratify the agreements, a formality which is not expected to take long. The deadline for ratification is December 31st of this year. The purpose of this article is to explain the new Bank, tell what it is for, what it can do, and how it will do it.

PURPOSE. The Inter-American Development Bank is not a replacement for existing loan and development funds. It is intended to supplement such agencies, providing funds in addition to those already available. Since the need for development capital is so great in Latin America, the new Bank is not expected to take any business away from existing agencies or private investors. It will actually foster such investment, along with making and guaranteeing loans intended to foster the economic development of western hemisphere nations.

Additionally, the Inter-American Bank will work closely with member countries to help them make the best

of their development resources. In this regard it is important to note that one of the basic tenets of the Bank calls for aiding in making the Latin countries' economies "more complementary". In other words, one of the Bank's goals will be to foster differing industries in each country, so as to promote inter-American trade. This is much the same idea as that begun last year by ODECA, the Union of Central American States (*LAR*, Jan. '59).

RESOURCES. The details of capitalization of the Inter-American Bank, are, like most financial matters, fairly involved. However, here is how the money got stacked the way it did: The Bank gets its capital from stock. There are 85,000 shares of this stock, each selling for \$10,000. The Bank's governing regulations call for 40,000 shares to be paid for before it can start operating. This represents \$400,000,000 in working capital. The remaining 45,000 shares, worth \$450,000,000, while already sold, are not paid for, and will not be until the Bank needs additional funds, whereupon they will become payable. All the stock is owned by nations of the Western Hemisphere.

Additionally, there is another Bank fund, of \$150,000,000, labeled for special operations. It will be paid by

the United States (two thirds) and the Latin American nations (one third). It issues no stock.

A breakdown, by nation, of amounts contributed to the Bank, accompanies this article. It represents the total capital that each country will have in the Bank, both in paid up and payable stock.

Like any loan institution, the Inter-American Bank has a schedule of payments to obtain its capital. Each member nation will pay 20% of its monetary quota the first year, and 40% in each of the two ensuing. Half will be in gold or dollars, the other half in the nation's national currency. These figures refer only to the paid-up stock, however. 50% additional for two years will be levied on each country to fill the special fund quota.

LOANS. The Bank will make loans exactly like any other such institution. It will use, as "loanable" money, authorized capital, funds borrowed, money received in repayment of other loans and interest thereon. A loan may be made in any currency requested by the loaning nation, but must be repaid in the same currency. There is only one condition to this: loans made to defray solely internal costs of a project will be payable only in the borrower's own currency.

IAS CONTRIBUTORS			
United States	\$350,000,000	Bolivia	\$ 8,280,000
Argentina	\$103,140,000	Dominican Republic	\$ 5,520,000
Brazil	\$103,140,000	Ecuador	\$ 5,520,000
Mexico	\$ 66,300,000	Guatemala	\$ 5,520,000
Venezuela	\$ 55,260,000	Costa Rica	\$ 4,140,000
Cuba	\$ 36,840,000	Paraguay	\$ 4,140,000
Chile	\$ 28,320,000	Haiti	\$ 4,140,000
Colombia	\$ 28,300,000	Nicaragua	\$ 4,140,000
Peru	\$ 13,820,000	Panama	\$ 4,140,000
Uruguay	\$ 11,060,000	El Salvador	\$ 4,140,000
		Honduras	\$ 4,140,000

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It is intended that the Inter-American Bank make loans primarily for "projects", rather than use its funds to support weak economic policies of member nations. Each loan, therefore, will be granted only after the applicant submits a detailed application, which will be investigated and reported on by the Bank's staff. Two outstanding considerations taken into account here will be the borrower's ability to get the money elsewhere at reasonable cost, and his ability to re-pay the loan.

Loans may be made to governments, both national and regional, and private concerns. In the latter case, guarantees of ability to re-pay may be required. Additionally, loans will be made available to national developmental agencies, which might use a relatively large lump sum, received from the Inter-American Bank, to finance several smaller projects.

The Bank itself will be a borrower, obtaining money from other investing agencies to help finance projects in which it is interested. Furthermore, it will even be able to sell projects. In other words, if an IAB financed project is going well, and is being paid off, then the Bank might well sell the loan to a private bank or investor. In this way the Bank stands a good chance of encouraging widespread private investment in Latin America. Most private investors, it seems, hesitate to commence a Latin project, but love to get on the bandwagon once such a project is successfully underway. Part of the Inter-American Bank's job will be to accomplish the latter.

SPECIAL FUND. The Fund for Special Operations is not at all like the main fund. It will provide money

for needs that are essential to a nation's growth, but which may not produce saleable goods, or which might require low interest rates and a long period of payments. Housing, sanitation and school projects might well fall into this category. In this fund, loans may be made in any currency the borrower requests, and re-paid in the local currency of the borrower.

ADMINISTRATION. The Bank will have a Board of Governors, consisting of one representative from each member nation, which will meet annually. Bank operations will be directly supervised by a seven man Board of Executive Directors. The United States, being the largest stock-holder, will elect one member to this board, with the rest of the member nations electing the other six.

The Board of Governors, meeting once a year, will admit new members, elect the Bank president, suspend members, increase or decrease the authorized stock, and perform other such critical functions. Theirs will be the final say so in all matters. This body, and the Executive Board, will carry decisions by a majority of the total voting power of all member nations. Each nation has 135 votes, plus one vote for each share of stock it holds. The United States has 35,135 votes, Argentina and Brazil 10,449 each, and so on. There are a total of 87,835 votes in the governing bodies.

With the passage of each day, the Inter-American Bank draws nearer reality. All that remains now is for instruments of ratification to be signed by countries representing not less than 85% of the paid up stock quotas. The United States, by the way, is responsible for 41% of the above amount. ●

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BOOKS IN REVIEW...

FROM COMMUNITY TO METROPOLIS:

A Biography of Sao Paulo, Brazil

by Richard M. Morse
Univ. of Florida Press
341 pages \$7.50

A visitor to Sao Paulo in 1855 reported that "there is a less commercial air about the people than you see elsewhere in Brazil. You do not hear the word *dinheiro* ringing constantly in your ear, as at Rio de Janeiro." Today the leading industrial center of Latin America and one of the world's fastest-growing cities, Sao Paulo bears little resemblance to the provincial capital of a century ago. The transformation from rural municipality to boom town is ably portrayed and analyzed by Richard M. Morse in *From Community to Metropolis*, a significant addition to the growing list of books on Latin America published by the University of Florida Press.

Sao Paulo has responded dramatically to three major stimuli in the past hundred years. The first of these was the march of the coffee plantations across the rich purple soil of Sao Paulo State; the second was the rapid influx of hundreds of thousands of European immigrants; and the third, keenly felt throughout most of Latin America in recent years, was the drive to industrialize. Professor Morse describes the interplay of these powerful forces against the background of Sao Paulo's colonial experience, which traces back to settlement by Jesuit missionaries in 1554. He is careful to point out that Sao Paulo, despite its superficial similarity to certain North American cities, acknowledges historical traditions and geographical realities that are peculiarly its own.

Like many cities in North America, however, Sao Paulo now faces a new challenge: an exploding population that threatens to outstrip metropolitan resources and the ingenuity of urban planners. How effectively Sao Paulo will meet its impending crisis, the author does not venture to predict, although he does remark hopefully that there is still time for the city to avoid some of the crippling "social costs" of the modern age.

American readers of Van Packard and A. C. Spector'sky will not be surprised to learn that the foundations of paulista society have already been slightly eroded by Cadillac-envy and the dry Martini.

As might be expected, Professor Morse devotes considerable space to economic history, highlighting the shifts in power from group to group within Sao Paulo and its hinterland, and mapping the physical growth of the city. His account of enterprise and expansion, however, is liberally inlaid with commentary on the intellectual and artistic development of Sao Paulo. The knowledgeable manner in which the author deals with literary figures such as Monteiro Lobato and Mário de Andrade is matched in turn by expert sociological analysis, based on the premise that "in speaking of class structure and tensions (in Sao Paulo) one cannot properly apply economic or political class criteria that obtain in western Europe or America." If anything is slighted in this panoramic yet detailed view of Sao Paulo's history, it is probably the special role of Sao Paulo in Brazilian national politics, particularly, its longstanding rivalry with Rio de Janeiro.

Donald J. Alderson

Power and Property in Inca Peru

Sally Falk Moore
Columbia Univ. Press \$5.00

This rather attractively bound volume was written by a lawyer and anthropologist whose apparent specialty is the ways in which laws are manifestations of a civilization. She is also very good at writing footnotes and appendices, as are most attorney-authors. Miss Moore's 190 page treatise on the Inca contains no less than 72 pages of preface, introduction, notes, appendices, index, etc.

The entire book concerns itself with the Inca civilization, as seen through its laws, or what little we know of them. Lawyer Moore has marshalled virtually all the recognized authorities on Peru, weighed the statements of one against the other, and come to conclusions regarding several rather

important facets of Inca life. "Many popular preconceptions" she writes, "totter in the face of the legal material". Unfortunately, Miss Moore is not on very steady ground herself.

This is not due to her lack of understanding of the subject; the lady knows her law, and she knows her human psychology. Given firmer material, I am sure she would have come up with a definitive analysis of the Inca. But there is no firm material on the Inca. Miss Moore herself admits that her sources are constantly contradictory.

Nevertheless she does the best with what she's got, and I must admit that her conclusions are rather shocking. First, the age old awe of the Inca has been based on the well expounded theory that the Inca nation was a perfect pyramid of government. The Inca himself was at the top, and in an arithmetically expanding scale below him came his governors, sub-governors, area overseers, village managers, and finally, his farm foremen. The masses were grouped in definite numbers under these various categories of bureaucrats, all of whom got their power from the Inca, passed on down through the chain of command.

Miss Moore says no. Miss Moore says that the Inca nation, far from being the ideal we think, was a favor ridden, aristocratically ruled, power-by-inheritance nation in which the Inca was the head of a great body of privileged nobility. These nobles, she goes on, were allowed to possess land, which no ordinary citizen could ever dream of doing; they could travel more freely than the ordinary citizen, who could not travel at all without their permission; they were merely rebuked for certain crimes for which Joe Doe got himself executed.

In short, then, this volume presents a new view of Inca life; a new road of interpretation. And though its foundations are essentially the infirm ones of previous authors, I do not believe that anyone can say it is any less authoritative than its predecessors. Whether or not it is correct is another question altogether, and one that is lost in the blank pages of Latin America's early history.

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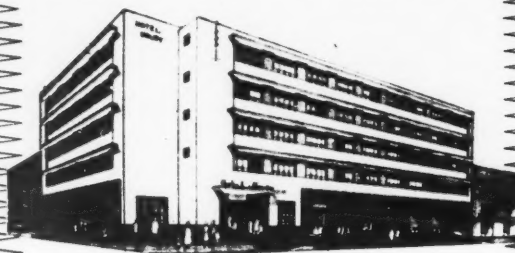
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